

AMENDING SECTION 31 OF THE SECURITIES
EXCHANGE ACT

NOVEMBER 26 (legislative day, NOVEMBER 18), 1943.—Ordered to be printed

Mr. WAGNER, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany S. 1146]

The Committee on Banking and Currency, to whom was referred the bill (S. 1146) to amend section 31 of the Securities Exchange Act of 1934, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Section 31 of the Securities Exchange Act requires every national securities exchange to pay an annual registration fee for the privilege of doing business as a national securities exchange. Such fee is in an amount equal to one five-hundredths of 1 percent of the aggregate dollar amount of the sales of securities transacted on such national securities exchange during the year.

The present bill provides that in determining the amount of such fee, no amount shall be included because of sales of securities which are direct obligations of the United States or which are guaranteed as to principal or interest by the United States, or such securities issued or guaranteed by corporations in which the United States has a direct or indirect interest as shall be designated for exemption by the Secretary of the Treasury.

The chairman of the board of governors of the New York Stock Exchange testified before the committee in favor of the bill. The necessity for the bill is indicated in the following excerpt from his testimony:

The amount of the registration fee is small, being at the rate of \$20 per \$1,000,000 of bonds. However, it constitutes an impediment to exchange dealings in Government securities, because no fee is imposed upon dealings over the counter in such securities. In other words, our organized exchanges are at a definite competitive disadvantage with the over-the-counter market. A market for Government securities on the organized exchanges is desirable and is in the public interest.

Elimination of the registration fee on Government obligations will not involve a loss of revenue of any consequence to the Government. During the past 3 years, for example, the revenue received by the Government from this source

was negligible, amounting to only \$777 in 1940, \$394 in 1941, and approximately \$200 in 1942. But, however negligible in terms of revenue, the fee is nevertheless a constant deterrent to dealings in Government securities on our organized exchanges. We believe the proportion of transactions in Government securities on the exchanges, in comparison with the over-the-counter market, would have been substantially larger if there had been no registration fee.

The Treasury Department and the Securities and Exchange Commission have indicated to the committee that they have no objection to the enactment of the bill.

○